



STATE OF WASHINGTON

OFFICE OF FINANCIAL MANAGEMENT

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February 26, 2018

**TO:** Honorable Steve Tharinger, Chair  
Honorable Richard DeBolt, Ranking Member  
House Capital Budget Committee

**FROM:** David Schumacher  
Director

**SUBJECT: OFM CONCERNS WITH HOUSE SUPPLEMENTAL CAPITAL BUDGET**

Thank you for your efforts in developing a supplemental capital budget. Together with earlier enactment of the full capital budget agreement from last session, the supplemental capital budget is a significant accomplishment. In particular, the Governor appreciates that you fully funded school construction, rolled back cuts made to the State Parks budget, included escalation increases for projects that were at risk following last year's capital budget delay, and recognized the vital need for additional forensic bed capacity at Western State Hospital.

I look forward to continuing discussions with you as you work with your Senate colleagues to complete a final budget. As negotiations begin in earnest toward a final budget, I am writing to share some observations and concerns with the budget proposed by the House.

**2017-19 Clean Up Toxic Sites - Lilyblad.** As communicated in the Office of Financial Management's (OFM) errata letter for the Governor's budget, we respectfully request the inclusion of funding for the Lilyblad cleanup site for \$382,000 from the State Toxics Control Account. This funding would continue the operation of the site. If the site operation is shut down, the contaminated groundwater from the site will potentially migrate toward the Blair Waterway and could reach Commencement Bay.

**VW settlement.** Ecology continues to have concerns that the proviso for the VW settlement adds too many administrative layers and restrictions on the use of funds.

**Water availability.** I appreciate the bipartisan effort and support to pass Engrossed Substitute Senate Bill 6091 (ESSB 6091) and appropriation for \$20 million in the enacted capital budget. Together, these measures are important in ensuring appropriate development can proceed in rural areas of our state. As you are aware, negotiations on ESSB 6091 were both substantial and difficult. We are opposed to proposals in the both the Senate and House capital budgets that single out particular projects for funding, undermining the Department of Ecology's efforts to prioritize these grants according to the intent established only weeks ago in ESSB 6091.

**Shellfish growing areas.** Please consider making additional investments in the Washington State Conservation Commission (\$2 million) for enhancement of shellfish growing areas through alternative burrowing shrimp control methods and alternative culture methods in Willapa Bay.

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**Western State Hospital forensic capacity.** Although your budget creates additional forensic bed capacity at Western State Hospital, the location and type of space created by the House budget may lead to operational challenges. The Department of Social and Health Services has expressed the need for additional single occupancy patient rooms, with toilets and sinks for competency evaluation and restoration patients. The space created by the House budget is a mix of single and double occupancy rooms with shared bathrooms, which is a safety concern for the department. I understand there are ongoing conversations among legislators and the administration with regard to how best to provide critical bed capacity. We look forward to continuing to work on this issue in the remaining days of session.

**Transfer of Port Orchard Armory.** Please remove the transfer of the Port Orchard Armory from the budget this biennium. The proposed transfer of this facility will create significant operational challenges due to the planned renovation of the Centralia Readiness Center and the anticipated arrival of a new engineering unit in our state.

**CERB-administered broadband infrastructure.** Thank you for increasing the appropriation to \$10 million for broadband infrastructure. The enacted budget requires that only 25 percent of the appropriation be allocated for grants, with 75 percent of funding allocated as loans. We are concerned that this restriction will limit the number of jurisdictions that can be served by this new program. Please consider removing the underlying restriction with regard to loans.

Thank you for your consideration. OFM continues to work with legislative fiscal staff on technical and other budget issues as identified by state agencies, our staff, and others. Please let me know if we can be of further assistance to you on any of these issues.

cc: David Postman, Chief of Staff, Office of the Governor  
Melissa Palmer, Coordinator, House Capital Budget Committee  
Jim Crawford, Assistant Director for Budget, OFM  
OFM Capital Budget Analysts